

Message Text

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PAGE 01 LAGOS 00794 241638Z

53

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AMCONSUL KADUNA

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COTONOU FOR BISHOP

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TAGS: ELAB, NI

SUBJECT: LABOR UNREST: PROGRESS REPORT

REF: LAGOS 722

SUMMARY: FMG ANNOUNCES NEW 30 PERCENT BOOST AS MINIMUM WAGE INCREASE UNDER UDOJI REPORT. INCREASE, WHICH AFFECTS MAINLY MID-LEVEL PUBLIC SERVANTS, MAY GIVE TEMPORARY RESPITE TO PRESENT LABOR UNREST BUT DOES NOT SOLVE BASIC PROBLEMS OF REGRADING EXERCISE. IT MAY HAVE HELPED CUT SHORT ELECTRICAL WORKERS' STRIKE, BUT MORE DISPUTES ARISING EVERY DAY. IMPRESSION GIVEN IS ONE OF A HESITANT, LEADER-LESS GOVERNMENT TRYING TO BUY INDUSTRIAL PEACE BUT AT EXPENSE OF POSSIBLE HIGHER INFLATION AND MORE UNREST IN PRIVATE SECTOR. END SUMMARY

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PAGE 02 LAGOS 00794 241638Z

1. FMG ANNOUNCED AT NOON JANUARY 23 ITS DECISION TO GRANT MINIMUM WAGE BOOST OF 30 PERCENT RATHER THAN 8 PERCENT PREVIOUSLY GIVEN IN WHITE PAPER. ADDITIONAL ARREARS RESULTING FROM THIS DECISION WILL BE PAID BY END OF FEBRUARY. FMG ALSO ANNOUNCED SETTLEMENT OF DOCTORS STRIKE (REFTEL) INCLUDED 40 PERCENT INTERIM WAGES INCREASE FOR DOCTORS.

2. LATEST PAY HIKE, WHICH WILL AFFECT MAINLY MID-LEVEL PUBLIC EMPLOYEES, CAME TOO LATE TO AVERT NATION-WIDE STRIKE BY NATIONAL ELECTRIC POWER AUTHORITY (NEPA) WORKERS. STRIKE BEGAN AT NOON JANUARY 23 AND CONTINUED UNTIL AFTERNOON JANUARY 24 DESPITE PUBLIC ANNOUNCEMENTS OF SETTLEMENT EVENING JANUARY 23 ON BASIS OF 30 PERCENT PAY INCREASE. WE UNDERSTAND SECTION OF UNION WHICH OPERATES GENERATORS AT KAINJI DAM REFUSED TO ACCEPT 30 PERCENT SETTLEMENT AND UNION OFFICIALS HAD TO VISIT DAM TO BRING THIS GROUP BACK IN LINE.

3. STRIKES OCCURRING IN NUMBER OF OTHER AREAS IN BOTH PUBLIC AND PRIVATE SECTOR. IN PUBLIC SECTOR, CUSTOMS OFFICERS AT LAGOS PORT STRUCK JANUARY 23 OVER PAYMENT OF ARREARS, AND ADDED TO EVER GROWING PORT CONGESTION. THEIR UNIONS THREATEN NATION-WIDE STRIKE IF GRADINGS NOT CHANGED TO REFLECT PREVIOUS RELATIVITY. WE UNDERSTAND ALL CUSTOMS OFFICERS MAY STRIKE BEGINNING JANUARY 25. WORKERS AT INTERNATIONAL INSTITUTE FOR TROPICAL AGRICULTURE (IITA) NEAR IBADAN WALKED OUT JANUARY 22 IN SUPPORT OF UNION DEMAND FOR UDOJI INCREASE AND ARREARS. UNION REFUSES ACCEPT CONTENTION IITA IS PART OF PRIVATE SECTOR. MAGISTRATES ALSO THREATENING INDUSTRIAL ACTION IF THEY ARE NOT REGRADED UPWARD. POSTAL AND TELECOMMUNICATION WORKERS ALSO JOINING LIST OF PROTESTORS OVER REGRADING EXERCISE.

4. PRIVATE SECTOR EMPLOYERS, ACCORDING TO PRESIDENT NIGERIAN ASSOCIATION OF CHANGES OF COMMERCE, INDUSTRY, MINES AND AGRICULTURE, ARE WILLING TO NEGOTIATE ON UDOJI AWARE AND "EAGER" TO RELIEVE BURDEN OF INFLATION ON WORKERS. THIS STATEMENT FOLLOWS MEETING JANUARY 20 BETWEEN VARIOUS EMPLOYER GROUPS AND FMG MINISTRY OF ESTABLISHMENTS, DURING WHICH WE UNDERSTAND IT WAS AGREED PRIVATE SECTOR WOULD PAY NEW SALARIES COMPARABLE TO LIMITED OFFICIAL USE

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PAGE 03 LAGOS 00794 241638Z

UDJOI SCALES, CONTINGENT ON ABILITY OF VARIOUS COMPANIES TO PAY. ONLY REAL AREA OF DISAGREEMENT WAS ON PAYMENT OF ARREARS, WITH EMPLOYERS ADAMANT THEY WOULD AND COULD NOT MATCH FMG'S GENEROSITY. EMPLOYERS REPORTEDLY REQUESTED FMG ASSIST ON THIS IF IT BECAME EVIDENT STRIKES ARE GOING TO OCCUR ON THIS ISSUE. ONE SUGGESTION WAS THAT FMG REFUND TAXES PAID BY COMPANIES IN 1974, WITH THESE FUNDS TO BE USED FOR ARREARS PAYMENT. BASED ON DISCUSSION WITH HEAD OF PHILIP MORRIS IN NIGERIA, IT IS

OBVIOUS ARREARS PAYMENT MAY WELL BE MOST DIFFICULT POINT IN NEGOTIATIONS. HIS COMPANY IS WILLING PAY UDOJI LEVEL WAGES BUT CAN ONLY PAY TWO MONTHS ARREARS. UNION DEMANDING FULL NINE MONTHS ARREARS, AND HAS THREATENED FULL-SCALE STRIKE ON ISSUE.

5. TRADE UNIONS HAVE GENERALLY ACTED WITH CAUTION, WITH EXCEPTION OF SOME LEFT-WING LEADERS, BUT PRESSURE OBVIOUSLY GROWING TO JOIN THE BAND-WAGON AND STRIKE. UNITED LABOUR CONGRESS (ULC) PRESIDENT YUNUSA KALTUNGO, IN PRESS INTERVIEW JANUARY 23, DESCRIBED PRESENT "WORK-TO-UDJI" ACTIONS AS BEING MOTIVATED BY ULTERIOR AND POLITICAL MOTIVES. HE APPEALED TO ALL WORKERS TO BE PATIENT, RETURN TO WORK, AND ALLOW PUBLIC SERVICE REVIEW UNIT PROPERLY TO STUDY ALL GRIEVANCES ARISING FROM UDOJI AWARD.

6. COMMENT: FMG DECISION TO GRANT INCREASED MINIMUM OF 30 PERCENT IS FURTHER ATTEMPT TO BUY OFF CRITICS AND DISSATISFIED ELEMENTS IN PUBLIC SERVICE, AND HOPEFULLY RESTORE SEMBLANCE OF ORDER TO PRESENT CHAOTIC SITUATION. INCREASE, WHILE GENEROUS, DOES NOT SOLVE BASIC COMPLAINTS OVER RELATIVITY AND SEEMS LIKELY ONLY TEMPORARILY TO POSTPONE FURTHER DISPUTES ON THIS ISSUE. FMG STILL NEEDS TO ATTEMPT EXPLAIN IN DETAIL THAT REGRADING (WHICH APPEARS TO BE BASIC CAUSE OF PUBLIC SECTOR UNREST) IS ON-GOING EXERCISE INVOLVING COMPLEX JOB EVALUATION OF ALL PUBLIC SERVICE JOBS, AND THAT GRADINGS ANNOUNCED EARLIER THIS MONTH ARE NOT FINAL WORD. UNFORTUNATELY FMG HAS GIVEN IMPRESSION THAT ALL COMPLAINTS MUST BE RECEIVED AND ACTED UPON BY END OF FEBRUARY, A TASK WHICH SEEMS TO US BEYOND THEIR CAPACITY.

7. WE HAVE HAD NO REACTION FROM PRIVATE SECTOR TO FMG'S LATEST BOMBSHELL OF 30 PERCENT MINIMUM WAGE BOOST BUT ANTICIPATE LIMITED OFFICIAL USE

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PAGE 04 LAGOS 00794 241638Z

THAT EMPLOYERS MAY FIND IT DIFFICULT TO GIVE ADDITIONAL INCREASES TO MID-LEVEL EMPLOYEES. GENERALLY THESE CATEGORIES IN PRIVATE SECTOR WERE ALREADY ON COMPARABLE BASIS WITH PUBLIC SECTOR COUNTERPARTS, AND MAY WELL HAVE GROUNDS FOR COMPLAINT IF PUBLIC SECTOR MOVES AHEAD. FMG CAN EXPECT FURTHER UNREST IN PRIVATE SECTOR BECAUSE OF ITS LATEST ACTION. REINHARDT

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